



PLANNING COMMISSION AGENDA REPORT

MEETING DATE: NOVEMBER 8, 2004

III. 2.
ITEM NUMBER:

**SUBJECT: DA-04-04 ANNUAL REVIEW OF SOUTH COAST METRO CENTER
DEVELOPMENT AGREEMENT (DA-99-01)
475 - 595 (ODD NUMBERS ONLY) ANTON BOULEVARD**

DATE: OCTOBER 28, 2004

**FOR FURTHER INFORMATION CONTACT: KIMBERLY BRANDT, SENIOR PLANNER
(714) 754-5604**

DESCRIPTION


Annual review of the development agreement between the City of Costa Mesa and BRE/South Coast LLC, and McCarthy Cook & Co.-South Coast Metro, LLC.

APPLICANT

Mr. Philip R. Schwartze is the authorized agent for BRE/South Coast LLC, and McCarthy Cook & Co.-South Coast Metro, LLC. (McCarthy Cook)

RECOMMENDATION

1. Based on the evidence in the record, recommend to City Council that it determine and find that McCarthy Cook has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-99-01 (Agreement).
2. Recommend to City Council that future reviews be delegated to Planning Commission and the next review occur when hotel development activity begins.


KIMBERLY BRANDT
Senior Planner


R. MICHAEL ROBINSON
Planning & Redevelopment Mgr.

BACKGROUND

The South Coast Metro Center is a 45-acre campus located on the south side of Anton Boulevard, just east of the new Avenue of the Arts off-ramp (see Figure1). In July 1999, the City entered into this 15-year Agreement with McCarthy Cook. This Agreement was approved in conjunction with General Plan amendment GP-98-08, North Costa Mesa Specific Plan amendment SP-98-04, and Master Plan amendment PA-98-77.

The Agreement provides assurances to McCarthy Cook that they may proceed with development, in conformance with existing land use regulations, for a period of 15 years. In exchange for these assurances, the City has realized public benefits in the form of dedications and easements for circulation improvements and bus turnouts, an improved pedestrian access way, and a parking structure that enhances existing on-site parking.

A brief history of the project's approval history, subsequent to the adoption of the development agreement, is provided below

- In 2000, McCarthy Cook sold 19.2 acres and 475,000 square feet of office entitlements to Experian Solutions.
- In February 2000, Council approved a master plan amendment (PA-00-02) for Experian.
- In July 2000, Council also approved General Plan amendment GP-99-06 and North Costa Mesa Specific Plan amendment SP-99-02, which increased the site-specific FAR to 0.79. These actions increased the Experian office entitlement to a maximum of 525,000 square feet and increased the size of the South Coast Metro Center hotel from 110,000 square feet to 200,950 square feet.
- In 2000, Council adopted subsequent master plan amendments for Experian (PA-00-21) and the Metro Center Hotel (PA-99-41) to reflect the increase in square footages. It should be noted that these additional entitlements were not subsequently reflected in the Agreement.

Section 3.3, Periodic Review of the Agreement, requires a periodic review of McCarthy Cook's performance of its obligations.

ANALYSIS

This review's purpose is to determine if McCarthy Cook has made a good faith effort to comply with the Agreement's provisions, and to this effect, McCarthy Cook has submitted a letter (see Attachment 2). Typically, this review focuses on the community benefits provided by the developer. For DA-99-01, these benefits are described in Section 2.1 of the Agreement (see Attachment 3).

As documented in last year's annual review, McCarthy Cook has completed all but one of their obligations. The remaining obligation may be for an irrevocable offer to dedicate leasehold interests for one more bus turnout on Anton Boulevard. McCarthy Cook has already dedicated the necessary leasehold interests for a new bus turnout at Anton Boulevard and Experian Way. At this time, the City and OCTA do not have any plans for additional bus turnouts within this development. If such a need arises in the future, the City will work with the developer regarding the necessary dedication.

Remaining Entitlements/Future Construction

The only remaining entitlement addressed in the Agreement is the new hotel. At this time, McCarthy Cook is continuing to market the hotel site but does not anticipate development in the very near term.

Given that McCarthy Cook has met all but one of their Agreement obligations and the near-term development of the hotel is not expected, staff is recommending that future Agreement reviews be delegated to the Commission and that the next review be deferred until such time hotel development activity begins.

ALTERNATIVES

If Commission finds McCarthy Cook is not in compliance with the Agreement's term, evidence supporting that determination would be required.

CONCLUSION

Staff has reviewed the Agreement's terms and conditions and believes McCarthy Cook is in compliance. Commission's recommendation to Council can be made by minute order.

Attachment: 1. Vicinity Map
2. McCarthy Cook letter dated September 24, 2004
3. Development Agreement DA-99-01

cc: Deputy City Manager - Dev. Svs. Director
Sr. Deputy City Attorney
City Engineer
Fire Protection Analyst
Staff (4)
File (2)

Edward W. Cook III
McCarthy Cook & Company
5750 Wilshire Boulevard
Los Angeles, CA 90036

Mr. Philip Schwartze
PRS Group
31682 El Camino Real
San Juan Capistrano, CA 92675

File: 110804DA0404

Date: 101804

Time: 900 a.m

ATTACHMENT 1

VICINITY MAP

Metro Center at South Coast/Experian



Legend

- Address Points
- Hydrology Channels
- Street Names
- Street Centerlines
- Parcel Lines
- City Boundary
- Water Ways
- Ortho Photography
- Parcels



Contents of this map are copyright 2002, City of Costa Mesa, and may not be reproduced without prior written

WARNING: This map does not meet national map accuracy standards and cannot be used for engineering pur

ATTACHMENT 2

CORRESPONDENCE

McCARTHY • COOK

McCARTHY COOK & CO.
5750 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90036
TEL: (323) 935-2700
FAX: (323) 935-9855
www.mccarthycook.com

September 24, 2004

RECEIVED
CITY OF COSTA MESA
DEVELOPMENT SERVICES DEPARTMENT

Kimberly Brandt
Senior Planner
City of Costa Mesa
77 Fair Drive
Post Office Box 1200
Costa Mesa, CA 92628-1200

OCT 07 2004

Re: Review of Development Agreement – South Coast Metro Center

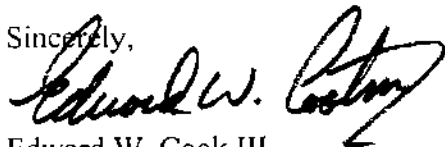
Dear Kimberly:

We have received your letter dated September 13, 2004 requesting our application to commence the Annual Review of the Development Agreement DA-99-01 for South Coast Metro Center (copy attached).

I am writing to request that the annual review be continued to 2005 as there are no changes in the status of the project or the remaining hotel entitlements per the same review in 2003. For your reference, I have included a copy of our 2003 presentation to the City of Costa Mesa as well as the Planning Commission finding that McCarthy Cook has demonstrated good faith compliance with the Development Agreement.

Kindly let me know if you and the City of Costa Mesa are in agreement with this continuance. We appreciate you considering this request. Please feel free to call me with any questions at (323) 935-9834.

Sincerely,



Edward W. Cook III
Co-President

cc: Kevin Cox
Steve Campion
Philip Schwartze

McCARTHY • COOK

McCARTHY COOK & CO.

5750 WILSHIRE BOULEVARD

LOS ANGELES, CALIFORNIA 90036

TEL: (323) 935-2700

FAX: (323) 935-9855

www.mccarthycook.com

RECEIVED
CITY OF COSTA MESA
DEVELOPMENT SERVICES DEPARTMENT

August 20, 2003

AUG 21 2003

Ms. Kimberly Brandt
Senior Planner
City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92628-1200

Subject: Periodic Review of Development Agreement DA 99-01

Dear Kimberly:

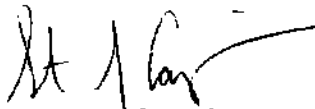
In accordance with your letter dated June 26, 2003, enclosed please find the following documents and other information that should accommodate the above noted Development Agreement review by the City of Costa Mesa:

1. Completed Application for Planning/Zoning Approval.
2. Letter from Edward W. Cook III summarizing and updating accomplishments to date and the current status of the Development Agreement.
3. Check in the amount of \$5,000 payable to the City of Costa Mesa.
4. Two sets of mailing labels for all owners within a 500-foot radius of South Coast Metro Center.
5. Graphics and pictures of the South Coast Metro Center.

If you have any questions, please do not hesitate to contact Edward or me at 323-935-2700.

Sincerely,

McCarthy Cook & Co.



Stephen J. Campion
Chief Financial Officer

Enclosures

cc: Edward W. Cook III w/out enclosures
Philip R. Schwartze w/out enclosures